

# SMALL BUSINESS LENDING FUND ACT

Mr. BAUCUS. Mr. President, this week the Senate also returns to the small business jobs bill. Small businesses are central to our efforts to create jobs. Unemployment insurance helps people who are out of work. We want to help create the jobs so people can get the work.

Small businesses employ half of America's private sector workforce. In my home State of Montana, small businesses employ more than 90 percent of all private sector employees. Over the past 15 years, small businesses have created two-thirds of Americans' new jobs. That is about 12 million new jobs.

Historically, during recessions, small businesses bear the brunt of employment losses. The great recession has been no exception. Over the course of the great recession, small firms have accounted for between 64 percent and 80 percent of net job losses. Plainly, to create jobs, we need to find ways to help small businesses.

Small businesses continue to face significant obstacles to expanding and hiring. One of the biggest obstacles is getting capital. A recent study by the National Federation of Independent Business found that only half of small businesses trying to borrow are able to get the capital they need. Nearly a quarter are not able to get any credit at all. Compare that to 2005. Five years ago, 90 percent of small businesses were able to get the capital they needed, and only 8 percent were not able to get any credit at all—a big change.

Small business lending has dropped. From the second quarter of 2008 to the third quarter of 2009, small business borrowing fell by more than \$20 billion. A number of factors have contributed to this decline. Banks have tightened lending standards and terms for new credit. Banks have reduced risky assets to improve their capital positions. Falling real estate values have limited the ability of small business owners to use their own assets to guarantee or collateralize loans. And credit card terms have also worsened.

Over the course of the great recession, small businesses in my home State of Montana have faced many of these obstacles. For example, Grains of Montana—that is a restaurant and bakery based in Billings—had trouble finalizing the terms of its SBA loan. This delayed the expansion of their bakery. And when a potential franchisee in Arizona was unable to secure funding, the deal fell through. Companies such as Grains of Montana need to get capital to grow and to hire new employees. We must act to get credit flowing. We must increase access to capital so small employers can begin hiring again. That is exactly what the small business jobs bill would do.

The small business jobs bill includes a provision that would completely eliminate the tax on the sale of certain small business stock purchased from the date of this bill's enactment

through to the end of 2010 and held for 5 years. This proposal would provide a powerful incentive to invest in small entrepreneurial firms right now.

The bill also includes a provision for certain small businesses that expands the carryback period for general business credits determined this year from 1 year to 5 years, and our bill allows these general business credits against the alternative minimum tax.

Another provision would temporarily shorten the holding period required after a C corporation converts to an S corporation in order to avoid triggering a gain on assets. This provision would allow small businesses to increase their liquidity by selling assets that would otherwise be subject to an additional layer of tax.

All of these provisions free up business capital for expansion and job growth. In past recessions, small firms were the first to begin hiring again. We must ensure that this trend continues as we recover from the great recession. We can achieve this by helping small businesses get the capital they need.

I urge my colleagues to support the small business jobs bill.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CASEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## UNEMPLOYMENT INSURANCE

Mr. CASEY. Mr. President, I rise to talk about an issue we are going to be voting on today, thank goodness. We are going to be voting on an extension of unemployment insurance, which is something many of us in the Senate have tried to pass for many weeks now. We have been blocked by the Republican side of the aisle.

We are finally at a point now where we think we can get the votes today to extend unemployment insurance. It is badly needed. You don't have to be a Senator or a Member of Congress to have heard from people all across this country about what this means to them. Those of us who are serving in the Senate have received letters, e-mails, phone calls, and other communications from people within our States.

In Pennsylvania, the people have made it abundantly clear to me and my office over many weeks now about how urgent a problem this is in their lives. This isn't about some complicated, remote issue; this is an issue of life and death, in some instances. But for most, it is an issue of getting by every week, making ends meet, paying bills, providing health care for their children, those who have lost their jobs, through no fault of their own, being able to have the dignity that comes from pro-

viding for your family. We know we have more than 14 million Americans out of work. In Pennsylvania, we have over 591,000 people out of work. If that is not a record, it is very close to one. I know it is a high for the last quarter century in Pennsylvania.

The last unemployment extension expired 5 weeks ago, on June 4. Without an extension, just about 1.2 million people have lost their benefits in the month of June, just last month. If this continues to be blocked in the Senate, we know another 2 million will be without benefits by the end of this month, July. In the Commonwealth of Pennsylvania, over 200,000 will have exhausted their unemployment benefits by the end of this month. That means one-third of Pennsylvania's jobless will be without benefits by the end of this month.

To say this is anything but an emergency is an understatement. To continue to block an unemployment insurance extension is irresponsible, in a word, and I think callously irresponsible. Also, I think it is an action that is harmful to our economy. We know, for example, that if you spend a buck in unemployment insurance, you will get a lot more than a buck in return for the economic impact. The Congressional Budget Office has an estimate to the effect that for the GDP, gross domestic product, it may be as high as \$1.90 for every \$1 you spend on unemployment insurance. So you spend a buck and get a \$1.90 back. That is an even higher number than a lot of us have pointed to prior to this.

Mark Zandi, one of our leading economists, said years ago, I think, that if you spend a buck on unemployment insurance, you get about \$1.60 back. Such as when you spend \$1 on food stamps, you get more than that—maybe \$1.70—in return. Now we have the CBO saying the return might be as high as \$1.90 for every \$1 you spend on unemployment insurance.

There are those in Washington and around the country who are trying to make political arguments against extending this and using a lot of hot air in the process to oppose the extension, block the extension, slow down the effort to provide this bridge that unemployment insurance is, for people who paid into this program for years, in many instances, for just this purpose—when the economy is in the ditch, when they lose jobs and they are trying to get this help.

We have had weeks and weeks of efforts to block this. We should be at the end—we hope. In the end, this isn't simply about a program or about an extension or about what the Federal Government is doing; this is about real people and their lives and the challenges in their lives.

I have received lots of correspondence—whether they are letters, e-mails or phone calls—and I will highlight a few examples. We had a letter from Frank—I will just use the first name so we don't disclose people's names. He